



FOR THE RECORD

**TESTIMONY FOR THE HEARING RECORD
OF THE
OVERSIGHT and SOCIAL SECURITY SUBCOMMITTEES
OF THE
HOUSE WAYS AND MEANS COMMITTEE
ON
ECONOMIC STIMULUS PAYMENTS**

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Mr. Chairmen, Ranking Members, and Subcommittee Members, we wish to thank you for the opportunity to discuss AARP's collaboration with the Internal Revenue Service (IRS) and Social Security Administration (SSA) with respect to the Economic Stimulus Payment (ESP) and to express our concerns regarding the implementation of the ESP and the impact it has had upon many IRS taxpayer assistance programs. AARP is a nonprofit, nonpartisan membership organization that helps people age 50+ maintain independence, choice, and control in ways that are beneficial and affordable to them and to society as a whole. With over 39 million members, AARP is the largest organization representing the interests of Americans age 50 and older and their families.

The AARP Foundation has spearheaded much of our organization's outreach efforts since the enactment of the stimulus bill. The foundation manages a volunteer-based tax assistance program, AARP Tax-Aide, which serves seniors and low income Americans. The AARP Tax-Aide program provides vital tax assistance to struggling families, saving taxpayers millions of dollars and serving communities across America.

This free and confidential service is available to low-income and moderate taxpayers of all ages with special attention to those age 60 and older. IRS certified volunteers are trained to assist in filing basic tax forms. A variety of service options were available at over 6,687 locations nationwide, including one-on-one on-site tax assistance, from February 1st to April 15th, and via Internet all year.

AARP Tax-Aide began in 1968 with only four volunteers who served about 100 people in that tax season. Today the AARP Tax-Aide program has attracted more than 32,000 volunteers and has helped over 47 million people file their tax returns over the past 40 years. Since 1980, the program has operated under a cooperative agreement with the U.S. Internal Revenue Service (IRS) as part of its Tax Counseling for the Elderly (TCE) program.

AARP Tax-Aide has been and continues to be a model volunteer-based tax preparation assistance program. Over 88 percent of the returns prepared by AARP Tax-Aide are e-filed and the average cost to the IRS is only \$2.07 per return.

AARP Tax-Aide volunteers prepared 34 percent of the total "VITA-type" e-filed Earned Income Tax Credit returns prepared by all IRS volunteer programs. This year alone, AARP Tax-Aide helped nearly four hundred thousand families get much-needed assistance, including \$98 million dollars in Child tax claims and another \$186 million in Earned Income Tax Credit claims. AARP Tax-Aide receives no federal funding for serving VITA clients.

AARP Tax-Aide is also saving low- and moderate-income taxpayers the cost of tax preparation which many need for essentials. Based on the approximately 60 percent of our clients who state they would have gone to a paid preparer if not for AARP Tax-Aide, we estimate having saved these taxpayers approximately \$130 million.

On February 1, AARP Tax-Aide sites opened to assist individuals with filing their taxes. In total, Tax-Aide volunteers have assisted well over 2.7 million taxpayers with standard tax returns and stimulus assistance at sites in third party locations across the country. The inclusion of Social Security and Veterans Administration benefits as eligible earnings added 20 million traditionally non-filing people to the pool of "taxpayers" who must file a return to the IRS to receive their Stimulus Payment.

Preliminary reports show that our volunteers assisted more than 400,000 individuals with stimulus return preparation across the country. Tax-Aide volunteers also participated in many stimulus outreach activities.

With the enactment of the stimulus legislation, AARP Tax-Aide and AARP communications staff began working with senior-level IRS officials to support the information and service needs of this traditionally non-filing group of mostly older Americans.

AARP launched a comprehensive outreach campaign in mid-March which drew upon virtually all AARP and AARP Foundation offices nationwide.

We published a series of stimulus articles in AARP The Magazine (July/August edition – sent to 39 million members), AARP Bulletin (March, April, May and June editions – also sent to 39 members) and our Spanish language publication, Segunda Juventud (summer issue – 1.6 million members). We also posted these articles, and stimulus-related stories from other newspapers and news organizations on the AARP.org and Bulletin Today websites and created advertisements, flyers and sample op-ed pieces for insertion in local papers.

Since March, the main stimulus page has been the most popular, or among the 5 most popular, on our AARP.org website. In May, the page received nearly 380,000 page views or an average of 12,000 per day; in April, the page received more than 212,000 page views or an average of 7,000 per day.

We also issued audio and video news releases, conducted a radio media tour, and placed English and Spanish newspaper articles through more than 1200 stations and papers with a reach of over 38 million listeners, viewers and readers.

Our state offices distributed stimulus packages in English and Spanish, containing print, audio and video materials to community, cultural and social service organizations, held stimulus events and press conferences, and otherwise generated countless earned media and op-ed placements. Not only did we communicate with our members - AARP Foundation and AARP staff leveraged their networks and shared stimulus information with countless other non-profits and interested third parties.

In mid-March, we sent each Congressional office an ESP tool kit with an easy-to-read fact sheet and a step-by-step guide to filling out the return, among other items.

AARP Tax-Aide helped the IRS test its stimulus instruction booklet. Based on our strong reservations about the length of the initial draft and that test, the main text of the booklet was reduced from 10 pages to two and ½ pages.

AARP Tax-Aide also recommended and secured the issuance of a Revenue Procedure by IRS that enabled taxpayer assistance volunteers nationwide to e-file the stimulus return by simply entering zero income on the return. The entire tax return preparer community, both paid and volunteer, benefited from this procedure change.

AARP Tax-Aide also developed materials, tools and focused messaging that will not only be used by the program, but by the rest of the AARP and AARP Foundation, as well as our external partners. One such item was an on-line tool for use on aarp.org that will allow seniors, family members, and even agency personnel working with seniors to help the traditionally non-filing individuals file to get their stimulus payment. The tool is simplified for the majority of situations – it asks a short series of questions and pre-populates the IRS form. As of early June, more than 20,000 people have used the web tool. We worked in collaboration with the National Council on Aging on this project. We are hoping that our materials, including this web tool, will help many older Americans and those who interface with them regularly.

AARP Tax-Aide will also be hosting a "webinar" late in June to reach community agencies such as housing, Meals on Wheels, Area Agencies on Aging, and others working with this population to continue promoting the simple tool. We believe these groups are well situated to assist a large part of the older population who have not yet filed and want to make it easy for them to assist them.

AARP Tax-Aide continues to have regular meetings (weekly or bi-weekly) with the IRS and other critical external partners, including the National Disability Institute, the National Council on Aging, Catholic Charities, the Center on Budget and Policy Priorities, the National Community Tax Coalition, and others, to coordinate messages and develop outreach strategies.

In sum, our organization, both volunteers and staff, have been out in force to help ensure as many older individuals who are eligible get what is due them. We believe we have made significant progress, but know there is much to do to reach anyone eligible who has yet to file a stimulus return. We are sincerely grateful to the IRS and SSA for allowing us to help them - both agencies have been exceedingly cooperative and appear to have gone the extra mile to keep us abreast of information we need for our outreach efforts as it became available.

Knowing this, we are somewhat frustrated by the delay of the IRS, SSA and VA to provide the essential demographic and geographic profiles for "traditionally" non-filers who have yet to file for the ESP. AARP's biggest lesson learned from a recent national outreach effort to a similar population, on prescription drug benefits, was that targeting at the local level was the most effective approach. Hence, the most critical next step continues to be localized targeting with information that only these agencies can provide. AARP Tax-Aide staff will be attending an IRS meeting in Atlanta this week to receive the geographic and demographic breakout of eligible seniors and veterans. But we are disappointed it has taken this long.

Our polling strongly suggests that this population would behave precisely as the Congress and the President intended with the extra cash – they would spend it. An AARP Bulletin survey taken in late March tested how Americans would use the stimulus payment if they received it. Forty-one percent of those above 50 years of age who were interviewed said they would spend it all; only 29 percent of those under 50 said they would spend every bit of any stimulus payment they might receive.

We are also concerned about the number of individuals reporting to us that they filed a tax return but have not received any payment or have received the wrong amount. Many of our members and those non-members who have posted comments on our stimulus website have told us that the waiting times on calls for information were intolerable or said that they couldn't understand the guidance that the IRS and others have provided to them.

Lastly, while we believe many of these latter concerns will be satisfactorily addressed as we move towards the close of the stimulus program, they underscore the need for increased attention by Congress and the Administration to the needs of seniors, veterans and low-income Americans in the design, implementation and funding for tax assistance programs.

While most taxpayers eligible for the ESP were able to file electronically from the convenience of their homes, we know all too well many older Americans are not computer literate and many do not even own a computer. As such, the rush to enact the stimulus bill, combined with the "digital divide" facing many of those

eligible, resulted in an even greater burden upon already under-funded federal tax assistance program grantees.

The recent funding and performance history for the IRS Tax Counseling for the Elderly (TCE) program clearly shows that funding for this taxpayer assistance program is going in the wrong direction as the demand for services has increased dramatically. In 2001, TCE was funded at \$ 3.95 million; for FY 2008, TCE is funded at \$4.04 million. AARP Tax-Aide, TCE's primary grantee, increased the number of people helped each year from 1.644 million to over 2.7 million, or about 64 percent, from 2000 to 2008. Moreover, Tax-Aide increased the number of returns e-filed to the IRS by about 1.4 million returns over the number of e-filed returns in 2000. This increase in e-filing saves the IRS nearly \$2.37 per return or approximately \$3.3 million annually.

In sum, we strongly urge this Committee, the Congress and the Administration to fully fund an appropriate share of the costs to administer these highly cost-effective volunteer-based tax assistance programs.

On behalf of AARP's more than 39 million members, and especially those most directly affected by the economic stimulus payment, we again thank you for this opportunity to provide hearing testimony. We look forward to working with the Congress and the Administration to complete the remaining work to be done to ensure that anyone eligible will have an opportunity to file for the economic stimulus payment.